



Iowa Minimum Tax Computation

Name(s) as shown on IA 1040 (or IA 1041):

Social Security No.

PART 1: Adjustments and Preferences

If you itemized deductions on Schedule A, start on line 1. If you didn't itemize, start on line 7.

1. Medical and dental (line 2, federal form 6251) 1. _____
2. Taxes (line 3, federal form 6251 less any Iowa income tax) 2. _____
3. Certain interest on a home mortgage not used to build, buy, or improve your home (line 4, federal form 6251) 3. _____
4. Miscellaneous itemized deductions (line 5, federal form 6251) 4. _____
5. Refund of taxes (line 7, federal form 6251 less any Iowa income tax) 5. _____
6. Investment interest (line 8, federal form 6251 less interest and expense related to private activity bonds issued after 8/7/86) 6. _____
7. Post - 1986 depreciation (line 17, federal form 6251) 7. _____
8. Adjusted gain or loss (line 16, federal form 6251) 8. _____
9. Incentive stock options (line 13, federal form 6251) 9. _____
10. Passive activities (line 18, federal form 6251) 10. _____
11. Beneficiaries of estates and trusts (line 14, federal form 6251) 11. _____
12. Enter the amount for each corresponding item from federal form 6251. Enter total on line 12.
 - a. Circulation expenditures (line 20) . a. _____
 - b. Depreciation (pre-1987) b. _____
 - c. Installment sales (line 24) c. _____
 - d. Large partnerships (line 15) d. _____
 - e. Long-term contracts (line 21) e. _____
 - f. Loss limitations (line 19) f. _____
 - g. Mining costs (line 22) g. _____
 - h. Patron's adjustment h. _____
 - i. Pollution control facilities i. _____
 - j. Research and experimental (line 23) ... j. _____
 - k. Section 1202 exclusion (line 12) k. _____
 - l. Tax shelter farm activities l. _____
 - m. Related adjustments (see inst.) (line 26) . m. _____
13. **Total Adjustments and Preferences.** Combine lines 1 through 12 13. _____

PART II: Alternative Minimum Taxable Income

14. Taxable income (from IA 1040, line 42; or IA 1041, line 23) 14. _____
15. Net operating loss deduction. Do not enter as a negative amount 15. _____
16. If federal AGI, plus any IA Bonus Depreciation adjustment is more than \$142,700 (more than \$71,350 if married filing separately for federal purposes), see instructions for amount to enter on this line 16. (_____)
17. Combine lines 14, 15 and 16 17. _____
18. Add lines 13 and 17 18. _____
19. Alternative tax net operating loss deduction (see instructions) 19. _____
20. Alternative Minimum Taxable Income. Subtract line 19 from line 18 20. _____

PART III: Exemption Amount and Alternative Minimum Tax

21. Enter \$35,000 (*\$17,500 if filing status 3 or 4; \$26,000 if single, head of household or qualifying widow(er) ... 21. _____
22. Enter \$150,000 (*\$75,000 if filing status 3 or 4; \$112,500 if single, head of household or qualifying widow(er) 22. _____
23. Subtract line 22 from line 20. If the result is zero or less, enter zero 23. _____
24. Multiply line 23 by 25% (0.25) 24. _____
25. Subtract line 24 from line 21. If result is zero or less, enter zero 25. _____
26. Subtract line 25 from line 20 26. _____
27. Multiply line 26 by 6.7% (0.067) 27. _____
28. Regular tax after credits. See instructions. 28. _____
29. Iowa Minimum Tax. Subtract line 28 from line 27, enter here and on IA 1040, line 45 (or IA 1041, line 26.) See instructions for Minimum Tax Limited to Net Worth. If less than zero, enter zero 29. _____

PART IV: NONRESIDENTS AND PART-YEAR RESIDENTS ONLY - Complete lines 30 - 33.

30. Enter Iowa net income plus Iowa adjustments and preferences (see instructions). If less than zero, enter zero. 30. _____
31. Total net income plus total adjustments and preferences (see instructions) 31. _____
32. Divide line 30 by line 31 and enter the result to three (3) decimal places 32. _____
33. Iowa Minimum Tax. Multiply line 29 by line 32. Enter here and on IA 1040, line 45 (or IA 1041, line 26). See instruction for Minimum Tax Limited to Net Worth. If less than zero, enter zero. 33. _____

*Exemption levels of \$17,500 and \$75,000 on lines 21 and 22, respectively, also apply to an estate or trust.

Instructions for IA 6251

WHO MUST FILE IA 6251.

All individuals, estates and trusts that had one or more of the adjustments or preferences in Part I must complete form IA 6251 to see if they owe Iowa minimum tax. Taxpayers may have an Iowa minimum tax liability even if they owed no Federal minimum tax. Taxpayers that have an Iowa minimum tax are to attach this form to their IA 1040. Nonresidents who have a liability for Iowa minimum tax are required to file an Iowa return even if they have no regular Iowa income tax liability.

Married filing separate filers: Each spouse having tax preferences and adjustments needs to complete an IA 6251.

Note: The Federal tax preferences for percentage depletion of an oil, gas or geothermal well and intangible drilling costs from lines 9 and 25 of Federal form 6251 are not tax preferences but are additions to income on line 14 of IA 1040.

RELATED ADJUSTMENTS.

Line 12-m.

Include related adjustments from line 26 of the Federal 6251 only to the extent the adjustments are ones that affect the computation of net income. An adjustment related to tax-exempt interest from private activity bonds would not be included, since this is not an Iowa tax preference or adjustment.

FEDERAL PHASE-OUT OF ITEMIZED DEDUCTIONS.

Line 16.

If you are subject to the Federal phase-out of itemized deductions on your Federal Schedule A, you must enter the revised Iowa phase-out amount on this line. To determine this amount, go to the IA form 41-104, Itemized Deduction Worksheet, found at www.state.ia.us/tax. Subtract line 1 from line 4 of step 3 on the IA 41-104 form and enter on line 16 of the IA 6251.

ALTERNATIVE NET OPERATING LOSS DEDUCTION.

Line 19.

A net operating loss can be carried back or carried forward to reduce a taxpayer's alternative minimum taxable income. However, before the net operating loss can be deducted it must be reduced by any tax preference used in computing the net operating loss. In the case of a net operating loss for a tax year beginning after December 31, 1986, which is carried to the current tax year, the net operating loss amount on line 19 cannot exceed 90 percent of the amount on line 18. Any portion of the net operating loss which cannot be used can be carried over to the next tax year.

Line 28.

Enter the amount from IA 1040, line 43, less line 50, or enter the amount from IA 1041, line 24, less line 28.

NONRESIDENTS AND PART-YEAR RESIDENTS.

Nonresidents and part-year residents of Iowa are required to pay Iowa minimum tax only on the percentage of adjustments and tax preferences which are Iowa source. Lines 30-33 in Part IV must be completed to calculate the Iowa minimum tax liability for nonresidents and part-year residents

Line 30.

Add Iowa net income (line 26, IA 126) plus the total of those adjustments and tax preferences on line 13 of the IA 6251 which are from Iowa sources.

Line 31.

Add total net income (line 27, IA 126) plus the total of all adjustments and tax preferences on line 13 of the IA 6251.

Line 32.

Divide line 30 by line 31 and enter the result to three decimal places (Example: .786).

Line 33.

Multiply line 29 by line 32. The result is the Iowa minimum tax and is to be entered on line 45, IA 1040 (line 26 IA 1041). See the instructions below relating to minimum tax limited to net worth.

MINIMUM TAX LIMITED TO NET WORTH.

Taxpayers who meet all qualifications for a distressed sale, but have a debt to asset ratio of 75 percent or less, are not subject to the minimum tax in an amount greater than the taxpayer's net worth. In situations where a taxpayer has multiple transactions (forfeitures, transfers, sales or exchanges), minimum tax is limited to net worth prior to the last transaction in the tax year. For additional information on what constitutes a "distressed sale" contact the Taxpayer Services Section. If calling from the Des Moines area or from out of state, call (515) 281-3114. Elsewhere in Iowa or from the Rock Island/Moline or Omaha calling areas, call 1-800-367-3388 (toll free). E-mail: idr@idr.state.ia.us

ALTERNATIVE MINIMUM TAX CARRYFORWARD CREDIT.

An alternative minimum tax credit is available which may reduce the regular tax of an individual for minimum tax paid in a prior year on deferral items of tax preference. The Iowa credit is computed similarly to the Federal credit but on form IA 8801, which must be attached to the IA 1040 if this credit is claimed.